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CANADA STEAMSHIP LINES, LIMITED

year end carried Mar 31.

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**ANNUAL
REPORT
1966**



CANADA STEAMSHIP LINES, LIMITED

HEAD OFFICE: 759 Victoria Square, Montreal 1, Quebec

TRANSFER AGENT

The Royal Trust Company,
Montreal, Toronto, Winnipeg and Vancouver.

REGISTRAR

Canada Permanent Trust Company,
Montreal, Toronto, Winnipeg and Vancouver.

ON THE COVER: A replica of the Canada Steamship Lines house flag.

*Pour un exemplaire de ce rapport en français, s.v.p.,
écrire au Secrétaire*



To the Shareowners:

Net earnings for the first six months of 1967 were \$2,624,529, up \$135,796 (6%) over the corresponding 1966 period. After preference dividend, earnings were 90 cents per common share compared to 86 cents per common share in 1966.

It should be noted that the first half of the year includes only 30% of the usual eight-month shipping season. As a result, profit and cash flow are lower than is normally experienced in the second half of the year. With ship construction payments being generally higher during winter and spring, working capital is, therefore, usually lower at June 30 than at the preceding year-end.

Sales at \$49,459,618 were up \$11,116,174 as trucking revenues and earnings increased substantially, compared to the strike-depressed 1966 results. Shipyard revenues were also higher but profit margins were lower.

Labour agreements were successfully concluded with the shipbuilding and dock-workers' unions and negotiations with the S.I.U. seamen are currently in progress.

Shipping operations to mid-year were active but latterly grain shipments have declined and some of our older ships have had to be laid up.

The outlook for the last half of this year is generally good with respect to subsidiary company operations but the shipping industry may well suffer through unresolved labour problems and shortage of grain cargoes.

T. R. McLAGAN
Chairman

J. W. McGIFFIN
President

Aux actionnaires:

Les bénéfices nets pour les premiers six mois de 1967 ont été de \$2,624,529 i.e. \$135,796 (6%) de plus que pour la même période en 1966. Les bénéfices nets après paiement des dividendes préférentiels, furent de 90 cents par action ordinaire au lieu de 86 cents en 1966.

Il est à noter que les premiers 6 mois de l'année ne comprennent que 30% de la saison du transport maritime qui est de 8 mois. Il en résulte donc que les profits et la circulation d'argent sont moins élevés que ce qui se produit normalement durant les derniers 6 mois. De plus, les dépenses pour la construction maritime étant généralement plus élevées durant l'hiver et le printemps, le capital courant est, comme d'habitude, plus bas au 30 juin qu'à la fin de l'année précédente.

A cause d'une augmentation substantielle des revenus et profits sur le transport par camion, les ventes ont atteint \$49,459,618 soit \$11,116,174 de plus qu'en 1966, année qui a été marquée d'une grève.

Les revenus des chantiers maritimes furent également plus élevés bien que la marge de profit fût moindre. Des ententes sur la main d'oeuvre ont été conclues de façon satisfaisante avec les unions des ouvriers des chantiers maritimes et des débardeurs. Des négociations sont présentement en cours avec le syndicat des marins, la S.I.U.

Le transport maritime a été actif jusqu'à la mi-saison, mais dernièrement le transport du grain a diminué et nous avons dû retirer du service quelques-uns de nos plus anciens navires.

La perspective générale pour la dernière partie de l'année paraît assez bonne quant aux opérations de nos filiales, mais l'industrie du transport maritime pourrait fort bien subir le contre-coup des problèmes non résolus concernant la main d'oeuvre et l'insuffisance des cargaisons de grain.

le président du conseil
T. R. McLAGAN

le président
J. W. McGIFFIN

Consolidated Statement of Earnings (Unaudited)

SIX MONTHS ENDED JUNE 30

	1967	1966
Gross revenue from operations	\$49,459,618	\$38,343,444
Earnings from operations	7,831,395	7,445,884
Income from investments	210,399	132,188
	8,041,794	7,578,072
Interest on notes and mortgage payable	15,485	17,895
Provision for depreciation	3,392,780	3,155,444
	3,408,265	3,173,339
	4,633,529	4,404,733
Taxes on income:		
Current	1,243,948	583,681
Deferred	765,052	1,332,319
	2,009,000	1,916,000
Net earnings for period	2,624,529	2,488,733
Preference dividend	286,562	286,562
Earnings applicable to common shares	\$ 2,337,967	\$ 2,202,171
Earnings per common share	\$.90	\$.86
Common shares outstanding at June 30	2,585,200	2,572,100
Net gain on capital asset transactions not included above	\$ 224,954	\$ 97,472

Consolidated Statement of Source and Application of Funds (Unaudited)

SOURCE OF FUNDS:

Net earnings for period	\$ 2,624,529	\$ 2,488,733
Expenses not requiring a current cash outlay:		
Depreciation	3,392,780	3,155,444
Income tax applicable to future years	765,052	1,332,319
Cash flow from operations	6,782,361	6,976,496
Common shares issued under option agreements	239,540	44,800
Sale of fixed assets	1,345,814	1,147,082
Other	88,411	39,208
	8,456,126	8,207,586

APPLICATION OF FUNDS:

Additions to fixed assets	6,523,410	9,087,753
Increase in investments and secured loans	1,490,666	2,798
Decrease in notes and mortgage payable	32,211	47,574
Payment of dividends	2,347,134	2,343,534
Special federal refundable tax	312,695	129,908
	10,706,116	11,611,567
WORKING CAPITAL DECREASE	\$ 2,249,990	\$ 3,403,981

État consolidé des bénéfices (non vérifié)

SIX MOIS TERMINÉS LE 30 JUIN

1967

1966

Revenus bruts d'exploitation	\$49,459,618	\$38,343,444
Bénéfices d'exploitation	7,831,395	7,445,884
Revenus de placements	210,399	132,188
	<u>8,041,794</u>	<u>7,578,072</u>
Intérêt sur billets et hypothèque à payer	15,485	17,895
Provision pour amortissement	3,392,780	3,155,444
	<u>3,408,265</u>	<u>3,173,339</u>
	<u>4,633,529</u>	<u>4,404,733</u>
Impôts sur le revenu:		
Courants	1,243,948	583,681
Différés	765,052	1,332,319
	<u>2,009,000</u>	<u>1,916,000</u>
Bénéfices nets de la période	2,624,529	2,488,733
Dividende sur actions privilégiées	286,562	286,562
Bénéfices applicables aux actions ordinaires	<u>\$ 2,337,967</u>	<u>\$ 2,202,171</u>
Bénéfices par action ordinaire	\$.90	\$.86
Actions ordinaires en circulation au 30 juin	2,585,200	2,572,100
Gains nets sur transactions d'immobilisations non inclus ci-haut	<u>\$ 224,954</u>	<u>\$ 97,472</u>

État consolidé de provenance et utilisation des fonds (non vérifié)

PROVENANCE DES FONDS:

Bénéfices nets de la période	\$ 2,624,529	\$ 2,488,733
Dépenses ne nécessitant pas de déboursé immédiat:		
Amortissement	3,392,780	3,155,444
Impôt sur le revenu reporté à des exercices ultérieurs	<u>765,052</u>	<u>1,332,319</u>
Accroissement de trésorerie résultant de l'exploitation	6,782,361	6,976,496
Actions ordinaires émises en vertu d'options	239,540	44,800
Ventes d'immobilisations	1,345,814	1,147,082
Autres	<u>88,411</u>	<u>39,208</u>
	<u>8,456,126</u>	<u>8,207,586</u>

UTILISATION DES FONDS:

Dépenses en immobilisations	6,523,410	9,087,753
Augmentation des placements et prêts garantis	1,490,666	2,798
Réduction des billets et hypothèque à payer	32,211	47,574
Versement de dividendes	2,347,134	2,343,534
Impôt fédéral spécial remboursable	<u>312,695</u>	<u>129,908</u>
	<u>10,706,116</u>	<u>11,611,567</u>

DIMINUTION DU FONDS DE ROULEMENT	<u>\$ 2,249,990</u>	<u>\$ 3,403,981</u>
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Canada
Steamship
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Limited

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Interim Report June 30, 1967
Rapport Intérimaire au 30 Juin 1967

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File



DIRECTORS

D. W. AMBRIDGE, C.B.E.
DONALD S. ANDERSON
SIR PHILIP DUNN, BART.
C. ANTOINE GEOFFRION, Q.C.
HAZEN HANSARD, Q.C.
DAVID S. HOLBROOK
J. W. McGIFFIN
T. R. McLAGAN, O.B.E.
ROY W. MILNER
A. DEANE NESBITT
K. A. POWELL
PETER N. THOMSON
W. I. M. TURNER

HONORARY DIRECTORS

HON. T. A. CRERAR, P.C.
*JOHN H. DAVEY
A. O. DUFRESNE
GORDON McMILLAN, Q.C.

EXECUTIVE OFFICERS

T. R. McLAGAN,
Chairman of the Board

J. W. McGIFFIN,
*President and Chief
Executive Officer*

H. R. BAXTER,
*Vice-President,
Ship Operations*

G. L. COLE,
Vice-President, Finance

W. DUNKERLEY,
*Vice-President,
Labour Relations*

R. LOWERY,
*Vice-President,
Shipbuilding Operations*

W. G. BLACK,
Comptroller and Secretary

D. P. GRINTON,
Treasurer

*Deceased

CANADA STEAMSHIP LINES, LIMITED

To the Shareowners:

In submitting the fifty-third Annual Report of Canada Steamship Lines and its wholly-owned subsidiaries, your Directors report a year of substantial earnings which, while lower than those of 1965, are nevertheless the second highest in the history of the Company.

The net profit in 1966 was \$8,342,891 which compares with the record earnings of 1965 amounting to \$9,027,786 or a decline of 7.6%. The earnings per common share amounted to \$3.02 compared to those of 1965 of \$3.29.

The reasons for the decline in earnings from those of 1965 were largely due to a costly strike in your Company's road transport division which lasted for three months. Ship-building earnings were also lower despite the fact that record earnings were achieved in one of your Company's building yards. Stevedoring strikes and extraordinary delays beyond your Company's control at some of the unloading ports prevented your Company's ships from earning as much money as they were capable of doing. Despite these strikes and delays, the operating profit from your Company's fleet was substantially higher than that of 1965.

In addition to the regular dividend of one dollar per common share in 1966, an extra dividend of thirty cents was declared. The same extra dividend has been declared in February 1967.

Most of the divisions of your Company operated at a high level of activity. Your fleet of ships carried the highest tonnage yet recorded. Two new ships, added to your Company's fleet, were only available after delivery for sixty percent of the navigating year. Otherwise, the tonnage carried would have been still higher. The strike in the road transport company has been referred to and earnings from this unit were substantially lower. Due to a slackening of building activity in the latter part of the year, the earnings of the heavy transport company were adversely affected. One of your Company's shipbuilding yards had a slack year but, recently, new orders have been obtained and this particular unit is now fully employed. Further new orders are in sight for one of the other building yards but are being held up until new labour agreements are concluded. Your Directors reported serious delays in transiting the Welland Canal in 1965. Happily these delays have been substantially decreased.

The charges for depreciation, amounting to \$7,964,320 were considerably higher than those of last year amounting to \$6,969,655. Despite the lower net profit in 1966, the cash flow was almost six hundred thousand dollars higher than in 1965.

Net Working Capital of \$15,446,000 has decreased slightly from that of 1965 when it was \$15,774,000. During the year, your Company was required to pay \$569,000 to the Federal Government relative to the 5% special refundable tax required under the Income Tax Act. Otherwise, the Working Capital would have been that much higher.

The net capital additions amounted to \$16,105,000 whereas in 1965 they were \$17,589,000. Two new modern large bulk carriers were added to the fleet, namely, the Motor Vessels "Simcoe" and "Manitoulin." The former was built at your Collingwood Shipyard and the latter at Davie Shipbuilding Ltd. Last year, your Directors referred to the disaster



which befell one of your Company's Package Freighters, the M.V. "Fort William". After refloating, this vessel was repaired and enjoyed a profitable year.

Substantial sums of money were spent on modern equipment for the road transport company, the heavy transport company and the shipyards. It is expected that capital expenditures in 1967 will be lower than those of 1966.

Your Company expects to put into service in the spring another modern bulk carrier, the M.V. "Richelieu". Also, your Directors' policy of adding modern equipment to the subsidiary companies will be continued.

During the latter part of 1966, your Directors decided to close the Tadoussac Hotel. Inaccessibility and a short tourist season make it impractical to operate this hotel any longer. The Board greatly appreciates the patronage of the many people who have been regular visitors to the hotel over many years.

Included in this Annual Report is a record of the lost time accidents to personnel in your Company's fleet of ships. There have been repeated press reports of the unusual hazards attending the operation of ships on the Great Lakes and tributary rivers. Your Company's record of lost time accidents indicates that if these conditions exist they do not prevail in your Company's vessels.

At the Directors' Meeting following the Annual Meeting in 1966, Mr. J. W. McGiffin was elected President of the Company and Mr. T. R. McLagan was elected Chairman of the Board. Your Directors believe that Mr. McGiffin's sterling qualities and long service in responsible positions make him well-fitted for the position of Chief Executive Officer.

Although the net profit in 1966 was lower than that of 1965, the activities were much more onerous than those of the previous year. Your Directors again wish to express their appreciation of the great efforts of officers and employees during the year. Night and day throughout all parts of the Group, these men cheerfully carried out their duties to bring about the best possible result under the greatest operating difficulties yet experienced. It is too early to forecast conditions which are ahead of the Company in 1967 but your Directors are confident that the personnel and available equipment will be able to cope with whatever problems arise.

On behalf of the Board,

J. R. McLagan.

Chairman.

Montreal, Quebec, February 21, 1967.

Canada Steamship Lines, Limited

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet

	1966	1965
assets		
CURRENT ASSETS:		
Cash	\$ 303,796	\$ 726,488
Short term securities at cost	3,003,551	4,294,408
Canadian Government bonds at cost—note 1 (market values \$4,590,154 and \$6,923,600)	4,559,875	6,927,275
Accounts receivable, less allowance for doubtful accounts . .	14,261,672	12,914,903
Insurance and other claims, estimated amount recoverable . .	960,935	703,208
Inventories of stores and supplies at the lower of cost or market value and shipyard work in progress at not exceeding cost	23,901,012	13,390,403
Prepaid expenses	592,474	622,217
	<u>47,583,315</u>	<u>39,578,902</u>
Deduct progress payments and billings on uncompleted ship- yard work	20,269,836	9,680,455
	<u>27,313,479</u>	<u>29,898,447</u>
SPECIAL FEDERAL REFUNDABLE TAX	568,940	—
INVESTMENTS AND SECURED LOANS AT NOT EXCEEDING COST—note 2	<u>2,443,097</u>	<u>2,450,844</u>
FIXED ASSETS:		
Vessels, real estate, buildings, docks and wharves, plant, high- way equipment and miscellaneous assets, at not exceeding cost	182,074,230	171,297,100
Less accumulated depreciation	98,203,960	95,696,700
	<u>83,870,270</u>	<u>75,600,400</u>
Approved on behalf of the Board:		
T. R. McLAGAN, <i>Director.</i>		
J. W. McGIFFIN, <i>Director.</i>		
	<u>\$114,195,786</u>	<u>\$107,949,691</u>

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Canada Steamship Lines, Limited and its Subsidiary Companies as of December 31, 1966 and the consolidated statements of earnings and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above consolidated balance sheet and related consolidated state-

Montreal, Que., February 20, 1967.

See accompanying notes to financial statements.



AS AT DECEMBER 31, 1966 AND 1965

	1966	1965
liabilities		
CURRENT LIABILITIES:		
Accounts payable and accrued charges	\$ 10,594,942	\$ 11,197,839
Income taxes payable	1,272,769	2,926,937
	<u>11,867,711</u>	<u>14,124,776</u>
NOTES AND MORTGAGE PAYABLE:		
5% note—secured—note 3	580,012	606,586
Non-interest bearing note—due October 19, 1969—note 3	100,000	100,000
6½% mortgage payable in monthly instalments of \$3,500	59,500	101,500
	<u>739,512</u>	<u>808,086</u>
DEFERRED INCOME TAXES—note 4	<u>20,793,940</u>	<u>16,869,444</u>
PROVISIONS FOR:		
Insurance losses, repairs and freight claims	360,000	360,000
Extra compensation	510,000	522,000
	<u>870,000</u>	<u>882,000</u>
CAPITAL STOCK—note 5:		
Authorized—		
1,834,000 5% cumulative redeemable preference shares of \$6.25 each		
4,000,000 common shares of no par value		
Issued and fully paid—		
1,834,000 preference shares	11,462,500	11,462,500
2,575,000 common shares (1965—2,569,300)	5,537,340	5,433,100
	<u>16,999,840</u>	<u>16,895,600</u>
EARNED SURPLUS	<u>62,768,569</u>	<u>58,213,571</u>
SURPLUS ARISING THROUGH THE ACQUISITION OF SUBSIDIARY COMPANIES	<u>156,214</u>	<u>156,214</u>
COMMITMENTS—note 6		
	<u>\$114,195,786</u>	<u>\$107,949,691</u>

ments of earnings and earned surplus present fairly the financial position of the companies at December 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying consolidated statement of source and application of funds presents fairly the information shown therein.

PEAT, MARWICK, MITCHELL & Co.,
Chartered Accountants.

Canada Steamship Lines, Limited

AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

- (1) \$1,305,000 par value of Government of Canada bonds are pledged as security for performance of contracts by the company and certain of its subsidiaries.
- (2) Investments include bonds and shares with a market value at December 31, 1966 of \$540,161, the cost of which was \$605,618.
- (3) Payable by instalments related to the profits of a subsidiary company—payment of \$41,211 due on March 31, 1967.
- (4) Income taxes otherwise payable in respect of the year will be reduced by claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. The total of \$20,793,940 carried in the balance sheet as deferred income taxes has been set aside to provide for additional taxes when in the future the capital cost allowances claimed may be less than the depreciation recorded in the accounts.
- (5) As at December 31, 1966, options granted under the 1964 Restricted Stock Option Plan were outstanding as follows:

<i>Expiry Date</i>	<i>Director Officers</i>	<i>Officers</i>	<i>Employees</i>	<i>Price</i>
August 1974	14,200	8,800	2,000	\$23.20
August 1974		2,000	15,000	26.10

During 1966, an option on 2,000 shares at \$26.10 was cancelled and options were exercised on 2,500 common shares at \$12.00 per share and on 3,200 common shares at \$23.20 for an aggregate cash consideration of \$104,240.

- (6) The company is purchasing vessels which will involve payments after December 31, 1966 aggregating \$10,000,000 of which \$7,000,000 will be paid in 1967.
- (7) The total remuneration received by directors as salaries, fees and other emoluments amounted to \$200,224 in 1966, and \$209,420 in 1965.



Consolidated Statement of Earnings

YEARS ENDED DECEMBER 31, 1966 AND 1965

	1966	1965
Gross revenue from operations	\$126,559,627	\$138,164,049
Earnings from operations	22,613,795	23,358,583
Income from investments	262,558	470,768
	<u>22,876,353</u>	<u>23,829,351</u>
Interest on notes and mortgage payable	34,688	47,610
Provision for depreciation	7,964,320	6,969,655
	<u>7,999,008</u>	<u>7,017,265</u>
	<u>14,877,345</u>	<u>16,812,086</u>
Taxes on income:		
Current	2,609,958	4,140,414
Deferred—note 4	3,924,496	3,643,886
	<u>6,534,454</u>	<u>7,784,300</u>
Net earnings for year	<u>\$ 8,342,891</u>	<u>\$ 9,027,786</u>

Consolidated Statement of Earned Surplus

YEARS ENDED DECEMBER 31, 1966 AND 1965

Balance at beginning of year	\$ 58,213,571	\$ 51,541,671
Net earnings	8,342,891	9,027,786
	<u>66,556,462</u>	<u>60,569,457</u>
Dividends paid on:		
Preference shares	573,125	573,125
Common shares	3,344,180	3,077,346
	<u>3,917,305</u>	<u>3,650,471</u>
	<u>62,639,157</u>	<u>56,918,986</u>
Net gain on capital asset transactions	129,412	1,294,585
Balance at end of year	<u>\$ 62,768,569</u>	<u>\$ 58,213,571</u>

See accompanying notes to financial statements.

Canada Steamship Lines, Limited

AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

YEARS ENDED DECEMBER 31, 1966 AND 1965

	1966	1965
SOURCE OF FUNDS:		
Net earnings for year	\$ 8,342,891	\$ 9,027,786
Expenses not requiring a current cash outlay:		
Depreciation	7,964,320	6,969,655
Income tax applicable to future years	<u>3,924,496</u>	<u>3,643,886</u>
Cash flow from operations	20,231,707	19,641,327
Common shares issued under option agreements	<u>104,240</u>	<u>98,200</u>
	<u>20,335,947</u>	<u>19,739,527</u>
APPLICATION OF FUNDS:		
Additions to fixed assets—net	16,104,778	17,588,592
Net increase (decrease) in investments and secured loans	(7,747)	793,220
Net decrease (increase) in notes and mortgage payable	68,574	(70,681)
Cost of acquisition of subsidiary company in excess of book value of equity purchased	—	293,281
Payment of dividends	3,917,305	3,650,471
Special federal refundable tax	568,940	—
Other	<u>12,000</u>	<u>(24,000)</u>
	<u>20,663,850</u>	<u>22,230,883</u>
WORKING CAPITAL INCREASE (DECREASE)	<u>\$ (327,903)</u>	<u>\$ (2,491,356)</u>



THE FLEET (Cargo-carrying capacity in short tons)

BULK CARRIERS

RIMOUSKI.....	32,620
SAGUENAY.....	30,200
SIMCOE.....	30,200
MURRAY BAY.....	29,600
BAIE ST. PAUL.....	29,600
BLACK BAY.....	29,600
WHITEFISH BAY.....	28,950
T. R. McLAGAN.....	25,290
THUNDER BAY.....	21,210
SIR JAMES DUNN.....	21,210
COVERDALE.....	20,400
NIPIGON BAY.....	20,196
GEORGIAN BAY.....	18,350
LEMOYNE.....	16,600
DONNACONA.....	16,020
ASHCROFT.....	14,490
HAGARTY.....	13,070
WESTMOUNT.....	13,070
BURLINGTON.....	8,300
IROQUOIS.....	4,560

PACKAGE FREIGHTERS

FORT CHAMBLY.....	9,420
FORT HENRY.....	9,320
FORT YORK.....	9,160
FORT ST. LOUIS.....	9,100
FORT WILLIAM.....	8,400
COLLINGWOOD.....	7,963
ESKIMO.....	7,150
MARTIAN.....	6,800
ENGLISH RIVER.....	5,600
FRENCH RIVER.....	5,600
RENVOYLE.....	5,187

SELF-UNLOADERS

MANITOULIN.....	31,000
TARANTAU.....	30,200
HOCHELAGA.....	18,950
GLENEAGLES.....	14,500
STADACONA.....	14,190
R.O. PETMAN.....	8,500
MIDLAND PRINCE.....	7,500
METIS.....	6,470

In 1966 the Fleet carried over 20,000,000 tons

FLEET PERSONNEL SAFETY RECORD

12 Vessels or 30.8% of Fleet had no	Lost Time Personnel Accidents.
13 Vessels or 33.3% of Fleet had 1	Lost Time Personnel Accident.
9 Vessels or 23.1% of Fleet had 2	Lost Time Personnel Accidents.
2 Vessels or 5.1% of Fleet had 3	Lost Time Personnel Accidents.
2 Vessels or 5.1% of Fleet had 4	Lost Time Personnel Accidents.
1 Vessel or 2.6% of Fleet had 5	Lost Time Personnel Accidents.

The accepted authority on safety statistics in North America is the National Safety Council of Chicago. Their formula for calculating the Frequency Rate of accidents is based on the number of lost time accidents per million man hours. The CSL vessel Frequency Rate for 1966 was 7.9 lost time accidents per million man hours.

Another comparison which can be made is in relation to vessel days operated. In 1966 CSL experienced only one lost time accident for every 190 days of vessel operation.

Canada Steamship Lines, Limited

AND SUBSIDIARY COMPANIES

Ten Year Review 1957-1966

Earnings and Dividends (thousands)	1966	1965	1964
Net Earnings before Depreciation and Income Taxes	\$22,841	\$23,782	\$18,901
Depreciation	7,964	6,970	5,609
Income Taxes	6,534	7,784	5,943
Net Earnings	8,343	9,028	7,349
Dividends — Preference Shares	573	573	573
— Common Shares	3,344	3,077	2,553
Dividends as % of Net Earnings	47%	40%	43%
Per Common Share			
Net Earnings	\$ 3.02	\$ 3.29	\$ 2.65
Dividends	1.30	1.20	1.00
Cash Flow (1).	7.63	7.42	5.90
Financial Position (thousands)			
NET ASSETS:			
Working Capital	\$15,446	\$15,774	\$18,265
Special Federal Refundable Tax	569	—	—
Investments	2,443	2,451	1,658
Fixed Assets — Net	83,870	75,600	63,686
Total Working Capital and Other Assets	102,328	93,825	83,609
FINANCED BY:			
Bond Indebtedness	—	—	—
Other Liabilities	1,609	1,690	1,595
Deferred Income Taxes	20,794	16,869	13,226
Preference Shareowners' Equity (2).	12,036	12,036	12,036
Common Shareowners' Equity	67,889	63,230	56,752
	102,328	93,825	83,609
Ratio of Current Assets to Current Liabilities	2.3	2.1	2.8
Common Shareowners' Equity per Share	\$ 26.36	\$ 24.61	\$ 22.16
Net Cash Additions to Fixed Assets (thousands)	\$16,105	\$17,589	\$15,015

NOTE — (1) — Net Income after Preference Dividends plus Expenses not requiring a Cash Outlay, being Depreciation and Future Income Taxes.

(2) — Calculated using Redemption Price of \$6 ½ per Preference Share.



1963	1962	1961	1960	1959	1958	1957
\$18,361	\$14,549	\$15,303	\$16,380	\$15,000	\$13,397	\$15,274
6,018	5,756	6,015	4,652	4,074	4,120	4,678
5,296	3,672	3,927	5,820	5,520	4,291	5,020
7,047	5,121	5,361	5,908	5,406	4,986	5,576
573	573	573	573	573	573	573
2,280	2,268	2,001	1,732	1,715	1,680	1,200
41 %	55 %	48 %	39 %	42 %	45 %	32 %
\$ 2.55	\$ 1.80	\$ 1.91	\$ 2.15	\$ 1.95	\$ 1.82	\$ 2.08
.90	.90	.80	.70	.70	.70	.50
5.76	4.85	4.99	5.12	4.40	3.97	4.24
\$16,952	\$18,946	\$17,710	\$16,230	\$16,014	\$13,807	\$15,421
—	—	—	—	—	—	—
5,168	831	694	750	840	984	1,257
53,416	52,500	49,507	45,580	39,386	36,389	31,706
75,536	72,277	67,911	62,560	56,240	51,180	48,384
—	680	880	1,080	1,280	1,812	2,345
1,614	1,618	1,644	833	839	851	890
10,507	11,198	9,245	7,533	4,820	2,878	1,794
12,036	12,036	12,036	12,036	12,036	12,036	12,036
51,379	46,745	44,106	41,078	37,265	33,603	31,319
75,536	72,277	67,911	62,560	56,240	51,180	48,384
2.4	3.2	3.5	3.5	2.5	2.5	2.8
\$ 20.23	\$ 18.52	\$ 17.58	\$ 16.55	\$ 15.09	\$ 13.87	\$ 13.05
\$ 9,603	\$ 8,569	\$10,001	\$10,784	\$ 6,661	\$ 9,312	\$ 9,996

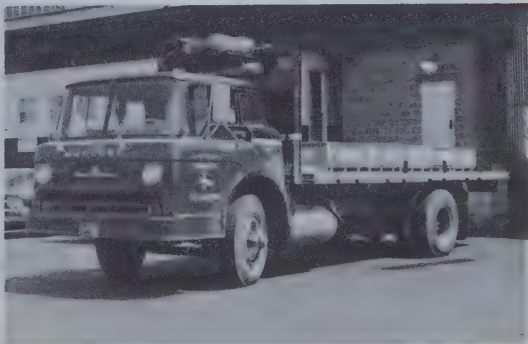




**C.S.L.'S MODERN PACKAGE FREIGHTERS MOVE GOODS QUICKLY
AND SAFELY TO AND FROM EQUALLY EFFICIENT TERMINALS.
HERE IS M.V. FORT YORK AT THE LAKEHEAD KEEFER TERMINAL.**



A fully integrated system is the key to C.S.L.'s leadership in package freight handling. These illustrations of goods caged and palletized for safe and speedy transportation represent only a small part of the C.S.L. distribution network.



THE GIANTS OF CANADA'S INLAND WATERWAY—
THE C.S.L. FLEET OF BIG BULK CARRIERS
AND SELF-UNLOADERS.

The bulk shipment of Canada's natural wealth, such as grain and ore, is a vital aspect of the nation's economic health. From the Lakehead to Sept Iles, the C.S.L. fleet of ships, specially designed for Great Lakes and St. Lawrence Seaway service, are carrying what amounts to Canada's lifeblood.





On the opposite page the self-unloaders *Manitoulin* and *Tarantau* pass each other in the Welland Canal. Below, the bulk carrier *Saguenay* emerges from the snug confines of Lock 7. The *Saguenay* established new cargo-carrying records in 1966.

The pictures on the right demonstrate how up to 6,000 tons of bulk cargo may be unloaded in one hour.



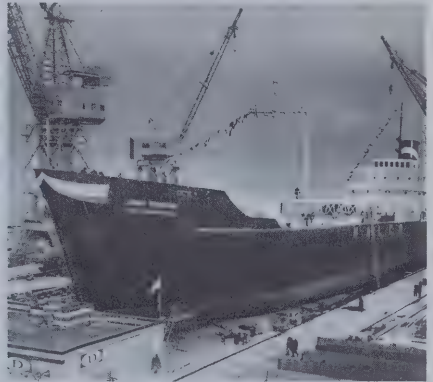
DAVIE SHIPBUILDING LIMITED,
Lauzon, Quebec

BIG DAVIE builds vessels for various Departments of Government and for a wide variety of Canadian owners, as well as for CANADA STEAMSHIP LINES. It has an international reputation for the speed and efficiency of ship repairs. Below—photos of the *A.S. Glossbrenner* and the *Manitoulin* alongside prior to launching; the draughting office and the machine shop; and the *James Transport*, also prior to launching.





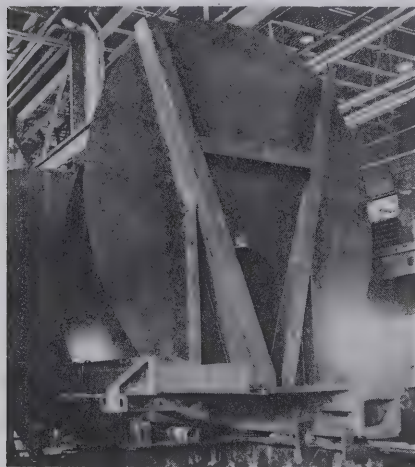
The aerial view across the bottom of the page gives a general idea of what can be going on in the yard at any given moment. At the extreme left, repairs completed, a 26,000 ton bulk carrier anchors at the entrance of the 1,150 foot long Champlain Dock. At centre two 28,000 ton vessels lie ready for launching. At mid-right a package freighter prepares for trials, while at the far right Canada's great Aircraft Carrier *H.M.C.S. Bonaventure* undergoes refit.



DAVIESHIP INDUSTRIAL EQUIPMENT
Engineering Division



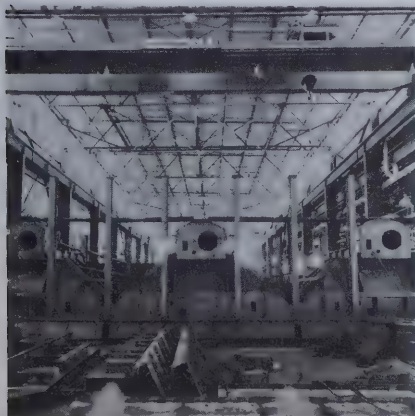
“BIG DAVIE’S” Engineering Division is geared to handle a diversity of contracts simultaneously. Thousands of square feet of floor space—modern machines and equipment—time and money-saving devices . . . all make it possible for “Davie’s” experienced engineers and craftsmen to produce the giant tank cars, pressure vessels, spillways, etc., required by industry. Pictured here is the tank car production shop and a completed 33,500 gallon tank car. The big discs will become storage dividers inside the shell of a 2,500 cu. ft. Hopper Car.



**CANADIAN SHIPBUILDING
AND ENGINEERING, LIMITED**
with yards in Ontario at
COLLINGWOOD, KINGSTON and PORT ARTHUR



COLLSHIP produces a wide variety of vessels and has built more upper lakers than any other shipyard in the world. Its yards are complete with ship and machinery design staffs, drawing office and control staffs. Below, the *Simcoe* at her fitting-out berth; ash hoppers being completed in the Engineering Division; and the twin-screw *C.C.G.S. Nicolet*.



KINGSTON SHIPYARD
Kingston, Ontario



Conveniently located between Montreal and Toronto, **KINGSHIP** provides repair and conversion services to all medium-sized vessels. It can also build high-quality industrial equipment.

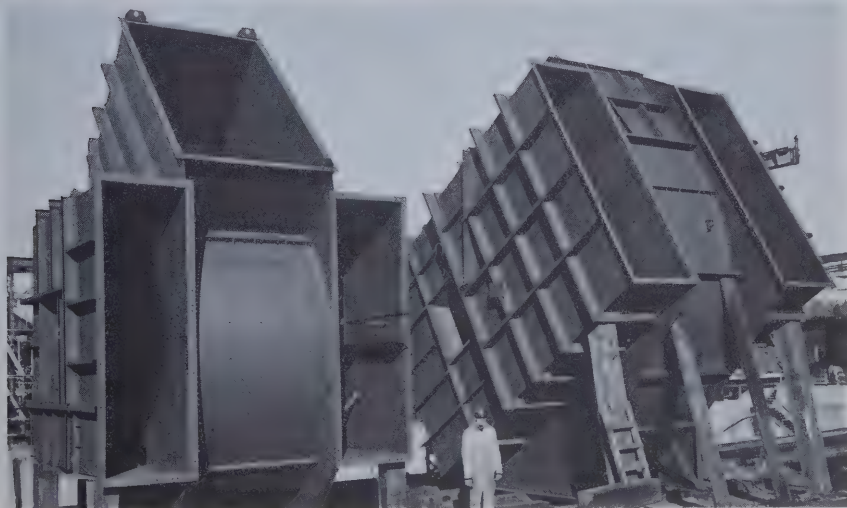
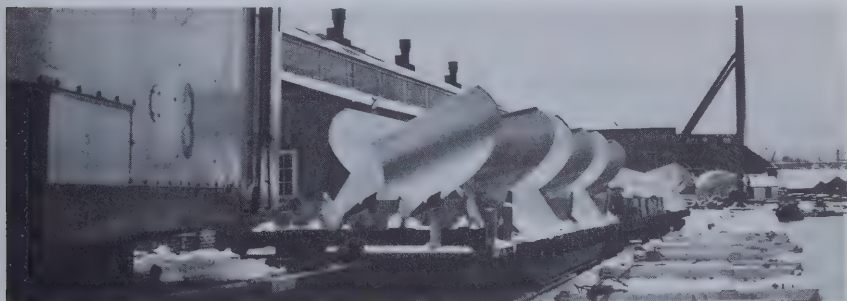
Here the *Metis* is shown after conversion into a cement carrier; a big stack complex is seen ready for a mining company in Labrador; and the much publicized brigantine, *St. Lawrence II*, built by Kingship in 1956, making one of her periodic returns to home base.



PORT ARTHUR SHIPYARD
Port Arthur, Ontario



PORTSHIP, at the extreme head of the Great Lakes system, has a graving dock which can handle vessels of maximum Seaway dimensions. In addition to shipbuilding, ship repair and conversion, “Portship” manufactures a wide variety of industrial engineering products—such as these snow plows being loaded for shipment—and below, air fans for a new iron ore pelletizing plant.



PORT COLBORNE QUARRIES LIMITED

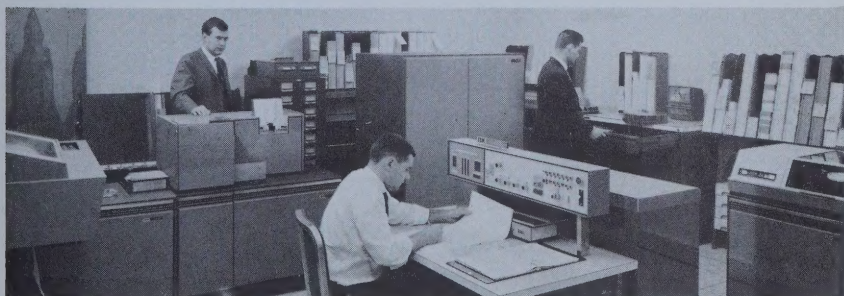
These quarries form a strong link in the Company's diversified operations. Shipments of high-quality dolomitic limestone go to both Canadian and American markets. Illustrations show a 3½-yard Lima shovel loading blasted material into a new 35-ton dump truck, and the big crusher capable of finishing a thousand tons of stone per hour.



KINGSWAY TRANSPORTS LIMITED



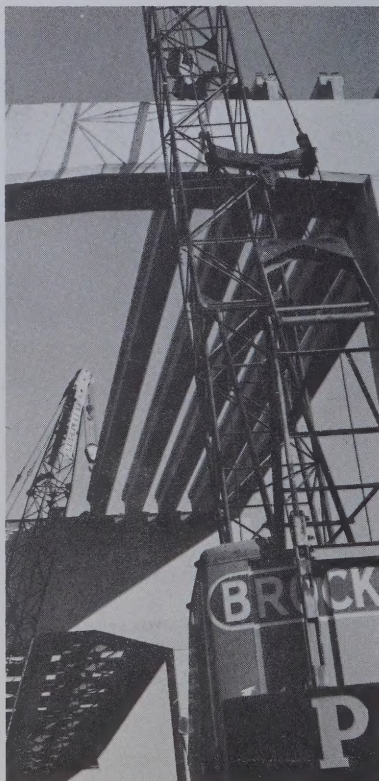
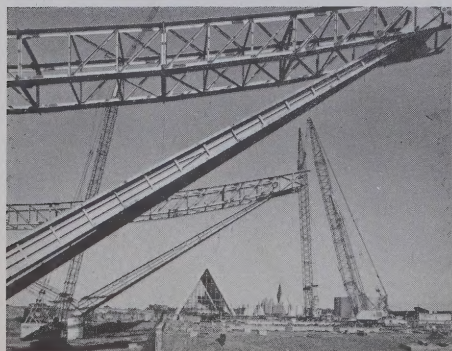
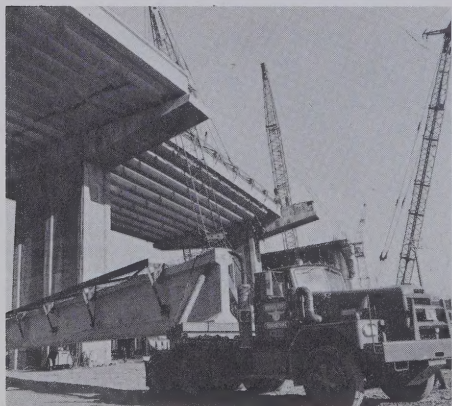
As one of the integrated subsidiary company services, Kingsway Transports provides an essential land-link coast-to-coast and north and south of the border. Its modern computer centre provides up-to-the-minute reporting both for KINGSWAY and the C.S.L. operation. At the bottom of the page a highway train stands ready for departure.



**JOHN N. BROCKLESBY
TRANSPORT LIMITED**

BROCKLESBY TRANSPORT

Manoeuvring heavy pre-stressed concrete girders requires great skill and cranes of unusual strength and reach. Brocklesby Transport, Canada's largest mobile crane-rental and heavy-hauling company, is, as you can see, well equipped for the job. Bottom left, BROCKLESBY helps put expo67 on its feet.



THE MANOIR RICHELIEU
Murray Bay, Pointe au Pic, P.Q.



This is one of the world's outstanding resort hotels and the most entrancing site in all French Canada. On the North Shore of the St. Lawrence River, in the heart of the Laurentians, the Manoir overlooks a spectacular view and the ceaseless parade of ships. Guests take everything for granted—epicurean meals, superb accommodation and recreational facilities—everything, that is, except some of the greens, such as the famous 18th shown here below . . .



